

JAI H. RHO (SBN 123248)
WILLIAM H. WRIGHT (SBN 161580)
DAVID BEN-MEIR (SBN 192028)
HOGAN & HARTSON L.L.P.
500 South Grand Avenue
Suite 1900
Los Angeles, California 90071
Telephone: (213) 337-6700
Facsimile: (213) 337-6701

Attorneys for Defendants and Counterclaimants
AU Optronics Corporation

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

SEMICONDUCTOR ENERGY
LABORATORY COMPANY, LTD.,

Plaintiff and Counterclaim-Defendant,

v.

ACER INCORPORATED, ACER AMERICA
CORPORATION, and AU OPTRONICS
CORPORATION,

Defendants and Counterclaimants.

Case No. C 02-02800 WHA

AU OPTRONICS CORPORATION'S
ANSWER TO FIRST AMENDED
COMPLAINT FOR PATENT
INFRINGEMENT AND
COUNTERCLAIMS

DEMAND FOR JURY TRIAL

Defendant and Counterclaimant AU Optronics Corporation ("AU Optronics"), hereby answers the First Amended Complaint filed by Semiconductor Energy Laboratory Company, Ltd. ("SEL") as follows:

PARTIES

1. Answering paragraph 1, AU Optronics lacks sufficient knowledge or information to form a belief as to the truth of the allegations thereof.
2. Answering paragraph 2, AU Optronics lacks sufficient knowledge or information to form a belief as to the truth of the allegation thereof, and on that basis, denies the allegations thereof.

3. Answering paragraph 3, AU Optronics lacks sufficient knowledge or information to form a belief as to the truth of the allegation thereof, and on that basis, denies the allegations thereof.

4. Answering paragraph 4, AU Optronics admits that it is a corporation organized under the laws of Taiwan, with its principal place of business at 1 Li-Hsin Road 2, Science-Based Industrial Park, Hsinchu 300, Taiwan, R.O.C. AU Optronics admits that it manufactures electronic products in Taiwan, and sells products to third parties. AU Optronics denies the remaining allegations of paragraph 4.

JURISDICTION AND VENUE

5. Answering paragraph 5, AU Optronics admits that this is an action arising under the patent laws of the United States, 35 U.S.C. § 101 *et seq.*, and that this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

6. AU Optronics admits venue is proper in this district under 28 U.S.C. §§ 1391(b), (c) and (d) and 1400(b). AU Optronics admits that it is an alien and is subject to the personal jurisdiction of this Court. AU Optronics lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of paragraph 6, and on that basis, denies the remaining allegations of paragraph 6.

THE PATENTS-IN-SUIT

7. Answering paragraph 7, AU Optronics admits that United States Patent No. 5,929,527 ("the '527 patent"), entitled Electronic Device, was issued on July 27, 1999. AU Optronics lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of paragraph 7, and on that basis, denies the remaining allegations of paragraph 7.

8. Answering paragraph 8, AU Optronics admits that United States Patent No. 6,355,941 ("the '941 patent"), entitled Semiconductor Device, was issued on March 12, 2002. AU Optronics lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of paragraph 8, and on that basis, denies the remaining allegations of

1 paragraph 8.

2 9. Answering paragraph 9, AU Optronics admits that United States Patent No.
3 6,404,476 ("the '476 patent"), entitled Device Having An Improved Connective Structure
4 Between Two Electrodes, was issued on June 11, 2002. AU Optronics lacks sufficient knowledge
5 or information to form a belief as to the truth of the remaining allegations of paragraph 9, and on
6 that basis, denies the remaining allegations of paragraph 9.

7 10. Answering paragraph 10, AU Optronics admits that United States Patent No.
8 6,404,480 ("the '480 patent"), entitled Contact Structure, was issued on June 11, 2002. AU
9 Optronics lacks sufficient knowledge or information to form a belief as to the truth of the
10 remaining allegations of paragraph 10, and on that basis, denies the remaining allegations of
11 paragraph 10.

12 11. Answering paragraph 11, AU Optronics lacks sufficient knowledge or information
13 to form a belief as to the truth of the allegations thereof, and on that basis, denies the allegations
14 thereof.

15 **BACKGROUND**

16 12. Answering paragraph 12, AU Optronics admits that thin film transistors are used
17 in electro-optical devices such as liquid crystal displays, which may be used in a variety of
18 electronic video display products including computer monitors, notebook computer monitors, and
19 video monitors. AU Optronics lacks sufficient knowledge or information to form a belief as to
20 the truth of the remaining allegations of paragraph 12, and on that basis, denies the remaining
21 allegations of paragraph 12.

22 13. Answering paragraph 13, AU Optronics lacks sufficient knowledge or information
23 to form a belief as to the truth of the allegations thereof, and on that basis, denies the allegations
24 thereof.

25 14. Answering paragraph 14, AU Optronics admits that it has manufactured and sold
26 products identified as module number B141XN04 and M150XN02. AU Optronics denies the
27 remaining allegations of paragraph 14.

15. Answering paragraph 15, AU Optronics admits that the filing of the Amended Complaint constituted notice under 35 U.S.C. § 287 of alleged infringement of the '527 patent, the '941 patent, the '476 patent, and the '480 patent (collectively "the patents-in-suit") by the above-identified products. AU Optronics denies the remaining allegations of paragraph 15.

COUNT I – ALLEGED INFRINGEMENT OF U.S. PATENT NO. 5,929,527

16. Answering paragraph 16, AU Optronics incorporates its responses to paragraphs 1-15.

17. Answering paragraph 17, AU Optronics denies the allegations thereof.

18. Answering paragraph 18, AU Optronics denies the allegations thereof.

19. Answering paragraph 19, AU Optronics denies the allegations thereof.

COUNT II – ALLEGED INFRINGEMENT OF U.S. PATENT NO. 6,355,941

20. Answering paragraph 20, AU Optronics incorporates its responses to paragraphs 1-15.

21. Answering paragraph 21, AU Optronics denies the allegations thereof.

22. Answering paragraph 22, AU Optronics denies the allegations thereof.

23. Answering paragraph 23, AU Optronics denies the allegations thereof.

COUNT III – ALLEGED INFRINGEMENT OF U.S. PATENT NO. 6,404,476

24. Answering paragraph 24, AU Optronics incorporates its responses to paragraphs 1-15.

25. Answering paragraph 25, AU Optronics denies the allegations thereof.

26. Answering paragraph 26, AU Optronics denies the allegations thereof.

27. Answering paragraph 27, AU Optronics denies the allegations thereof.

COUNT IV – ALLEGED INFRINGEMENT OF U.S. PATENT NO. 6,404,480

28. Answering paragraph 28, AU Optronics incorporates its responses to paragraphs 1-15.

29. Answering paragraph 29, AU Optronics denies the allegations thereof.

30. Answering paragraph 30, AU Optronics denies the allegations thereof.

1 31. Answering paragraph 31, AU Optronics denies the allegations thereof.

2 **FIRST AFFIRMATIVE DEFENSE**

3 **(Non-Infringement)**

4 32. AU Optronics has not infringed, or induced the infringement of, and does not
5 infringe, or induce the infringement of, the patents-in-suit.

6 **SECOND AFFIRMATIVE DEFENSE**

7 **(Failure to State a Claim)**

8 33. SEL's allegations and claims for relief fail to state a claim upon which any relief
9 may be granted against AU Optronics.

10 **THIRD AFFIRMATIVE DEFENSE**

11 **(Invalidity)**

12 34. The patents-in-suit are invalid, in whole or in part, for failure to satisfy one or
13 more of the conditions of patentability specified in 35 U.S.C. §§ 101, 102, 103, and/or 112.

14 **FOURTH AFFIRMATIVE DEFENSE**

15 **(Obviousness-Type Double Patenting)**

16 35. The patents-in-suit are invalid, in whole or in part, based upon the judicially
17 created doctrine of obviousness-type double patenting.

18 **FIFTH AFFIRMATIVE DEFENSE**

19 **(Estoppel)**

20 36. SEL's claims for relief are barred, in whole or in part, by the doctrine of estoppel.

21 **SIXTH AFFIRMATIVE DEFENSE**

22 **(Laches)**

23 37. SEL's claims for relief are barred, in whole or in part, by the equitable doctrine of
24 laches.

25 **SEVENTH AFFIRMATIVE DEFENSE**

26 **(Prosecution Laches)**

27 38. SEL's claims for relief are barred, in whole or in part, and/or the patents in suit are

unenforceable, based upon the doctrine of prosecution laches.

EIGHTH AFFIRMATIVE DEFENSE

(Waiver)

39. SEL, by its acts and omissions, and the acts and omissions of its agents, associates and employees, has waived its right to complain of AU Optronics's conduct and/or assert any of the claims set forth in the First Amended Complaint.

NINTH AFFIRMATIVE DEFENSE

(Unenforceability of the '941 Patent)

40. The '941 patent is unenforceable due to intentionally deceptive misrepresentations and/or omissions by the applicants of the '941 patent, or by their attorneys, agents or assigns, or by other individuals substantially involved in the preparation or prosecution of the patent applications (collectively referred to as "SEL"), of material information in communications with the United States Patent and Trademark Office ("PTO") regarding the alleged invention and the prior art. Such misstatements and/or omissions constituted inequitable conduct in connection with the proceedings in the PTO which resulted in the grant of the '941 patent. At least the following false or misleading statements and omissions were made in connection with the applications for and prosecution of the '941 patent, with intent to deceive.

41. During the prosecution of the '941 patent, SEL extensively argued about the novelty of the claims of the '941 patent, especially the transistor structure and nitride layer as claimed in the '941 patent. SEL repeatedly made similar arguments to the Examiner, and, on appeal of the Examiner's rejections, to the Board of Patent Appeals and Interferences ("the Board"), regarding the novelty of the transistor structure and nitride layer. The alleged novelty of the transistor structure and nitride layer was critical to the Board's reversal of the Examiner's rejection, and the issuance of the '941 patent.

42. In a decision issued April 15, 1998, a related patent (U.S. Patent No. 5,543,636), similarly assigned to SEL, was found to be unenforceable due to SEL's inequitable conduct engaged in during the patent's procurement. *Semiconductor Energy Lab. v. Samsung Electronics*,

1 4 F.Supp.2d 477 (E.D. Va. 1998).

2 43. Notably, on May 26, 1998, only after the finding of SEL's inequitable conduct,
3 SEL filed with the PTO, in connection with the '941 patent application, translations of two
4 Japanese patent applications that had been published April 12, 1980 (JP 55-050663 and JP 55-
5 050664). However, SEL knowingly failed to comply with PTO procedures to have the two
6 published references considered by the Examiner, or the Board. Both published Japanese patent
7 applications list the same inventor as the '941 patent, and list SEL as the applicant. Both
8 published Japanese patent applications disclose a transistor structure covered by claims of the
9 '941 patent. Both published Japanese patent applications disclose the use of a nitride layer
10 similar to the nitride layer at issue during prosecution of the '941 patent. Despite their status as
11 prior art, and their highly material nature, SEL knowingly failed to submit these published
12 references during the prosecution of any of the earlier-issued patents related to the '941 patent.
13 SEL further knowingly failed to submit the published references during the prosecution of the
14 '941 patent so that the references would be considered by the Examiner or the Board.
15 Additionally, SEL failed to alert the Examiner, or the Board, of the highly material nature of these
16 published documents. Finally, by knowingly failing to comply with PTO requirements, SEL
17 intentionally managed to avoid having the highly material references considered by the Examiner,
18 or the Board.

19 **COUNTERCLAIMS FOR DECLARATORY JUDGMENT OF**
20 **NON-INFRINGEMENT, INVALIDITY AND UNENFORCEABILITY**

21 44. Defendant and Counterclaimant AU Optonics is a corporation organized under
22 the laws of Taiwan, with its principal place of business at 1 Li-Hsin Road 2, Science-Based
23 Industrial Park, Hsinchu 300, Taiwan, R.O.C.

24 45. Upon information and belief, Counterclaim-Defendant SEL is a corporation
25 organized under the laws of Japan with its principal place of business at 398 Hase, Atsugi-shi,
26 Kanagawa-ken 243 0036, Japan.

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FOURTH COUNT

(Exceptional Case Under 35 U.S.C. § 285)

56. AU Optronics incorporates and realleges by reference paragraphs 32-49.

57. On information and belief, SEL brought this action with full knowledge of the facts recited in paragraphs 40-43.

58. On information and belief, SEL unjustifiably and in bad faith filed this action.

59. This case is exceptional under 35 U.S.C. § 285, and AU Optronics should be awarded its attorneys' fees and expenses related to defending this suit.

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PRAYER

WHEREFORE, AU Optronics prays for judgment that:

1. SEL be denied all relief requested in its First Amended Complaint;
2. SEL's First Amended Complaint be dismissed with prejudice;
3. Declares that AU Optronics does not and has not infringed the patents-in-suit directly, contributorily, or by inducement;
4. Declares that the patents-in-suit are invalid;
5. Declares that U.S. Patent No. 6,355,941 is unenforceable;
6. AU Optronics be awarded costs and attorneys' fees; and
7. AU Optronics be awarded such other and additional relief as the Court deems appropriate.

JURY DEMAND

Defendant and Counterclaimant AU Optronics requests a trial by jury of all claims so triable.

1 **CERTIFICATION OF INTERESTED ENTITIES OR PERSONS**

2 Pursuant to Civil L.R. 3-16, the undersigned discloses that the following listed persons,
3 associations of persons, firms, partnerships, corporations (including parent corporations) or other
4 entities (i) have a financial interest in the subject matter in controversy or in a party to the
5 proceeding, or (ii) have a non-financial interest in that subject matter or in a party that could be
6 substantially affected by the outcome of this proceeding:


7 Acer America is owned by Boardwalk Capital Holdings Limited.

8 Based upon a reasonable inquiry, as of this date, there is no other such interest to report.

9
10 Dated: September 24, 2002

Respectfully submitted,

11 HOGAN AND HARTSON, L.L.P.

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13 
14 Jai H. Rho
15 William H. Wright
16 David Ben-Meir
17 500 South Grand Avenue
18 Suite 1900
19 Los Angeles, California 90071
20 (213) 337-6700

21 Attorneys for Defendant
22 AU OPTRONICS CORPORATION
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DECLARATION OF SERVICE

I am more than eighteen years old and not a party to this action. My place of employment and business address is Hogan & Hartson L.L.P., 500 South Grand Avenue, Suite 1900, Los Angeles, California 90071. On the date below, I served the following document(s):

1. AU OPTRONICS CORPORATION'S ANSWER TO FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT AND COUNTERCLAIMS.

I caused the above-listed document(s) to be served on the person(s) listed below by transmitting a true copy of the above-listed document(s) electronically, via facsimile, to the fax number(s) of the person(s) listed below, and also by placing a true copy of such document(s) in a sealed envelope with first class postage thereon fully prepaid, addressed to the person(s) listed below, and depositing the document(s) in the U.S. Mail at 500 South Grand Avenue, Los Angeles, California 90071 for delivery by the U.S. Postal Service.

Samuel B. Shepherd, Esq.
Quinn Emanuel Urquhart Oliver & Hedges, LLP
555 Twin Dolphin Drive, Suite 560
Redwood City, California 94065
Telephone: (650) 620-4500
Facsimile: (650) 620-4555

Jerold S. Solovy, Esq.
Jenner & Block, LLC
One IBM Plaza
Chicago, Illinois 60611
Telephone: (312) 222-9350
Facsimile: (312) 527-0484

I declare under penalty of perjury that the foregoing is true and correct.

Executed on _____ at Los Angeles, California.

Signature

Printed Name